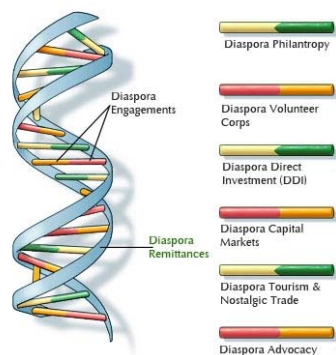


# Diaspora Networks Alliance

*Leveraging Migrant Resources for Effective Development*

DIASPORA NETWORKS ALLIANCE [DNA]



USAID

*DNA: Diaspora's link to the homeland.*

Over the last 35 years, the number of worldwide international migrants has almost doubled, from 76 million to 150 million. As migration increased, reflows in the form of personal and collective remittances, investments, information and knowledge, tourism and trade have continued to grow at unprecedented rates. Today, remittances are the second-largest source of financial resources to developing countries just behind foreign direct investment (FDI). Of the \$158 billion of U.S. total resources flows to the developing world in 2005, 26 percent came from remittances.

Although Diaspora community engagement with home countries is sizeable, the developmental potential for this group remains largely untapped. USAID recognizes that by not engaging with this community, we are missing out on a huge opportunity. That is why USAID is launching a flagship public-private alliance called the Diaspora Networks Alliance (DNA). DNA is a USAID effort to enable partnerships between USAID and Diasporas through knowledge development, engagement, and operational work with the purpose of promoting economic and social growth in the countries of origin.

## REMITTANCES

Under the DNA framework, USAID and its resource partners will engage in programmatic activities designed to amplify the development impact of remittances. These activities will focus on four areas.

- Encourage traditional money transfer organizations and banks to develop and market their services to remittance clients and/or promote linkages with microfinance institutions to deepen outreach.
- Develop regional and domestic payment systems to meet the needs of migrants and their families and facilitate international transfers.
- Support pilot programs that link remittances to financial products (housing loans, health insurance, consumer loans, student loans, education funds, pension plans, enterprise loans, indigenous rotating saving schemes, etc.).
- Explore technological innovations (such as mobile-banking) that could reduce transaction costs, increase security, and provide remittance clients with a range of convenient services.

## DIASPORA ENGAGEMENT

Beyond remittances, USAID and its DNA partners will seek to focus on creative mechanisms through which migrants can contribute to growth in their homelands. The Agency has identified six strategic Diaspora engagement mechanisms:

**Diaspora Philanthropy:** Also referred to as “collective remittances”, this concept is based upon strong personal, cultural, and community ties and offers unique promise for migrants to become directly engaged in development of their home communities. These partnerships have emerged to leverage the collective donations that migrant associations send to their home countries to finance community development projects. A successful example is Mexico’s “4-por-1” program, which brings together home town associations, local and federal governments, and Western Union to fund development projects in communities with high levels of “out” migration.

**Diaspora Volunteerism:** These organizations offer opportunities to Diaspora community members to return to their home countries to perform short or long-term public service, bringing specialized knowledge to the tasks of economic and social development. USAID has already assisted such efforts in Sudan and Iraq, helping to bring both technical and local knowledge to its development efforts. Other notable examples in Diaspora volunteerism are the *Armenian Volunteer Corps* and *IndiCorps*.



**Diaspora Entrepreneurship:** Currently, most research and focus on Diaspora involvement in their home countries' development have been limited to family remittances. One area that academics, development practitioners, and policymakers have neglected to explore is the role the Diaspora entrepreneurs can play in gearing investments toward their home countries. Standing at the intersection between the Diaspora, remittances and FDI, Diaspora Direct Investment ("DDI") offers immense possibilities given the willingness, motivations and resiliency of Diaspora entrepreneurs to invest in risky markets.

**Diaspora Capital Markets:** Diasporas can also provide much needed capital to home economies through various capital market instruments. These include hard currency bank accounts, certificates of deposit, equity and debt funds, bonds, securitization of remittances, etc. Notable examples of Diaspora capital market instruments are Diaspora bonds and remittance-backed securities. These instruments are issued either by a country or local financial institutions to raise debt capital to finance development projects.

**Diaspora Tourism & Nostalgic Trade:** Developing countries receive over 300 million tourists visit each year. Diasporas make up a large portion of this group. Through tourism, besides stimulating the local economy while they're visiting, Diasporas support their home communities by buying nostalgic goods which typically are produced by micro- and medium enterprises. Greater efforts can be made to promote Diaspora tourism and to develop the capacity of the makers of nostalgic goods through value chain work.

**Diaspora Advocacy & Diplomacy:** Increasingly Diaspora communities are inserting themselves into the policy dialogue of their home countries and are engaged in cultural and commercial diplomacy that in ways bridge understanding between their adopted and home countries. USAID, in collaboration with its DNA partners, can help to facilitate this important influence and lend weight to program areas, such as conflict mitigation, democracy and governance, and knowledge management.

### **Global Development Alliances at USAID**

The Global Development Alliance (GDA) is USAID's commitment to change the way we implement our assistance mandate. GDA mobilizes the ideas, efforts and resources of governments, businesses and civil society by forging public-private alliances to stimulate economic growth, develop businesses and workforces, address health and environmental issues, and expand access to education and technology. To date, USAID has cultivated over 680 public-private partnerships with 1,700 different partners, leveraging over \$9 billion in combined resources.

### **A Call for Partnerships**

USAID invites interest from prospective partner organizations to form alliances to carry out activities in support of USAID's DNA initiative. DNA partners are expected to bring significant new resources, ideas, technologies, and/or partners to address development problems in countries where USAID is currently working. Partners could include a wide range of organizations such as: foundations, U.S. and non-U.S. non-governmental organizations (NGOs), U.S. and non-U.S. private businesses, international organizations, other U.S. Government agencies, civic groups, hometown associations, migrant/Diaspora organizations, other donor governments, host country governments, and regional organizations.

*For more information on DNA, contact:*

Thomas Debass

202.712.5967

[tdebass@usaid.gov](mailto:tdebass@usaid.gov)